Aug. 7, 1967

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COTTONSEED CRUSHING—
NEW INDIAN INDUSTRY

EL SALVADOR WORKS TO
DIVERSIFY ITS CROPS

CELERY SELLS IN BRITAIN

AUG 28 1967

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

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Including FOREIGN CROPS AND MARKETS

AUGUST 7, 1967
VOLUME V • NUMBER 32

Cleaning coffee in El Salvador. Still dependent on this big export crop for half its foreign exchange, El Salvador is encouraging farmers to diversify by growing more corn, rice, and other crops. (See story beginning on page 5.)

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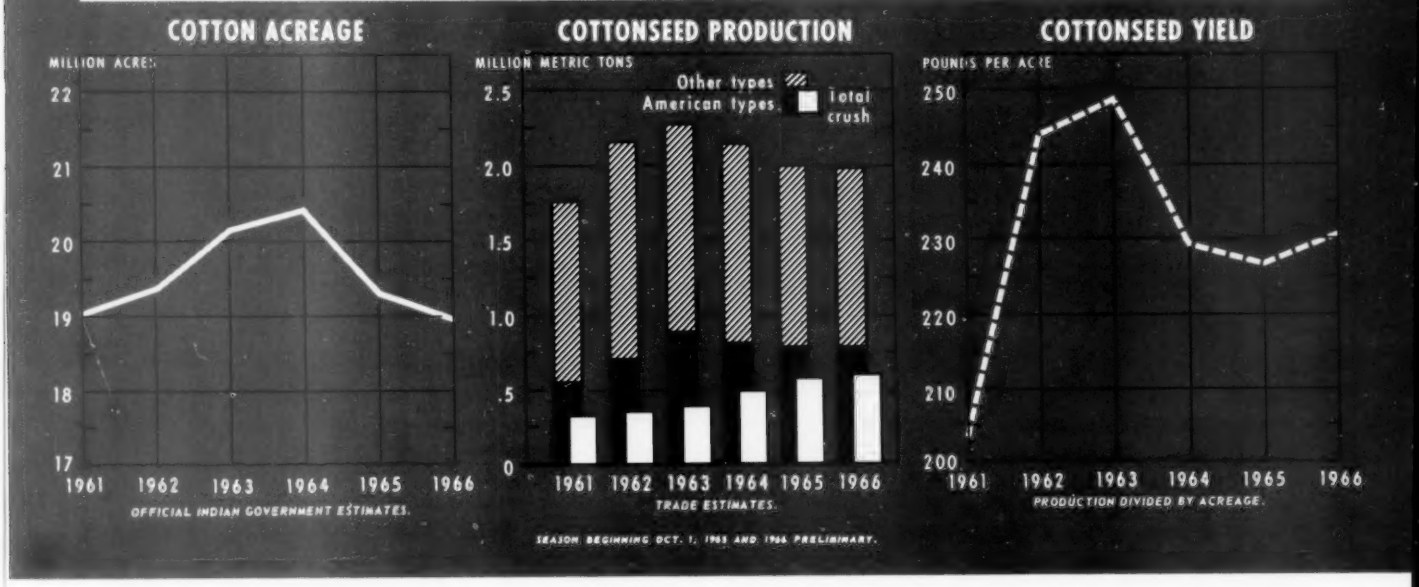
Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superindent of Documents, Government Printing Office, Washington, D. C. 20402.

INDIA Develops a Cottonseed Crushing Industry



By JAWHAR A. THADANI
Senior Agricultural Assistant
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India, the world's fourth largest producer of cotton, has a cottonseed output of around 2 million tons a year. Most of this has traditionally been fed direct to cattle and oxen, in the belief that the oil content would stimulate a higher milk yield for the cows and provide more energy for the oxen. The past few years, however, have seen rapidly increased utilization by a developing cottonseed crushing industry. The cottonseed crush is estimated to have risen from 321,000 tons in 1961-62 to 570,000 in 1965-66.

This increase in crushing has triple benefits for India. It is somewhat relieving the chronic shortage of vegetable oils; earning quantities of foreign exchange through exports of meal; and providing a new source of chemical cellulose for rayon and plastics.

Measures that have affected the industry

Development of the industry was fostered by an export incentive scheme, beginning in July 1961, which allowed the importation into India of one metric ton of copra—badly needed by India's soap industry—for every 3.5 tons of decorticated cottonseed cake or solvent-extracted meal that was exported. At the same time, the All-India Cottonseed Crushers' Association introduced voluntary preshipment quality and analysis control and imposed penalties against the exportation of cottonseed cake containing less than 39 percent oil and albuminoids (O & A) and solvent-extracted cake of less than 36 percent O & A.

The scheme worked successfully until June 6, 1966, when it was abolished, owing to the devaluation of the Indian rupee and the simultaneous withdrawal of all of India's export promotion schemes. This caused the cottonseed crushing industry great difficulty. After representations by the industry, the government granted new cash subsidies to exporters—20 percent of the f.o.b. value for cottonseed cake and 25 percent for solvent-extracted meal, effective January 1, 1967. Although the industry considers these subsidies inadequate, exports of cottonseed cake and meal are expected to increase somewhat in 1967.

The cottonseed crushing industry also has benefited from the ever-rising prices of edible oils in India. In addition, consumption of cottonseed oil in vegetable shortening has been fostered by a government policy allowing a rebate of 70 rupees per metric ton in the exise duty on vegetable shortening made of cottonseed oil—a rebate not allowed for other oils. A further boost was provided for the cottonseed crushing industry by a government directive to the manufacturers of vegetable shortening permitting them to increase their production—previously limited to 80 percent of that in 1965—provided that for this increase they use more cottonseed oil than in 1966.

Until March 1967, government health regulations outlawed the use of solvent-extracted oil for edible purposes, and such oil was produced in very small quantities, mostly for use in soap. Use of solvent-extracted oils is now permitted for edible purposes if the oil-bearing materials are "fresh and clean" and a "food-grade solvent conforming to international standards" is used.

Background and organization of the industry

India's first complete plant for delinting, hulling, and crushing cottonseed was installed in 1938. After the plant had worked for a few months, it was found that the prospects were not yet favorable. Not only was there no established consumer demand for cottonseed oil, but farmers were unwilling to feed their cattle cake and meal from which the oil had been removed.

It was not until 1945-46, after an advisory committee

had been appointed by the government, that the importance of a cottonseed crushing industry was brought to the fore and the impetus provided for its development. Production targets set for cottonseed oil in India's first three Five-Year Plans were 12,700 metric tons for 1955-56; 30,500 for 1960-61; and 100,000 for 1965-66.

Actual production is estimated to have reached 45,000 tons by 1961-62 and to have increased to about 80,000 in 1965-66, of which about 5,000 were solvent-extracted. Production this season, however, is not expected to rise much further, partly because India's cotton crop is poor for the second year in a row. The proposed goal for the fourth Five-Year plan is 150,000 tons of oil by 1970-71.

Today, India's cottonseed crushing industry has two sectors. Mills in the so-called organized sector have modern processing equipment for such operations as seed cleaning, delinting, and decorticating; they produce crude cottonseed oil by the expeller process with sometimes a second solvent-extraction processing; and they also have facilities for producing refined cottonseed oil.

Mills of this type are members of the All-India Cottonseed Crushers" Association, which came into existence in 1959 to "promote and protect" the Indian industry. Membership in the Association increased from 9 mills in 1961 to 39 at present, with a total crushing capacity of over 2,400 tons per day. Some of them crush peanuts also.

The other sector of the industry consists of a large number of small mills with small and medium-sized machines, which crush cottonseed without delinting and decorticating. Although this sector secures poor yields of oil, it flourishes because it has low overhead costs and because there is a good market for cheap, low-protein cake, not decorticated and not delinted. No reliable figures are available on the output of these mills, which crush other oilseeds besides cottonseed; but they are estimated to produce all together almost the same quantity of cottonseed oil annually as the organized sector. Last year some of the small oil mills in the State of Gujarat, on the west coast north of Bombay, are said to have turned from peanuts to cottonseed because of a ban on the movement of peanut oil out of that State.

Nature and uses of India's cottonseed

India is at present crushing only about 30 percent of its cottonseed. There are two cottonseed categories—the fuzzy variety, produced from American types of cotton, and the nonfuzzy variety, from Deshi or Asiatic types. The Deshi varieties contain few linters and less oil and protein, are smaller in size, and are more difficult to decorticate. Only a few of these varieties are at present considered economically suitable for crushing, although all of the American varieties are. The Deshi types, on the other hand, are preferred for cattle feed.

As a result of efforts to grow improved varieties of cotton in India, production of American-type cottons increased from about 31 percent of the total in 1961-62 at the beginning of the Third Five-Year Plan to about 40 percent at the end of the Plan in 1965-66. Roughly a million metric tons of cottonseed, including some Deshi varieties, are now estimated to be economically available each year for crushing in India.

Until recently, cottonseed oil was shunned by the Indian vanaspati or hydrogenated shortening industry, because it gave their product a yellowish color which could not be completely removed. But now this industry has become the most important customer for cottonseed oil. Of the 80,000 tons of this oil that India is estimated to have produced in 1965-66, about 61,000 were used in shortening, 10,000 for direct human consumption, and the rest for mixing with peanut oil and in soapmaking and other industries.

A measure of increased demand is the narrowing down of the discount on sales in Bombay of once-refined cottonseed oil as compared with peanut oil—from 300 rupees per ton in April 1967 to 200 in May. Some traders feel that towards the end of 1967 cottonseed oil may even be sold in India at a premium over peanut oil.

Cottonseed cake and meal are assuming considerable importance among India's exports. Production is estimated to have risen by 78 percent between 1961-62 and 1965-66 —from 275,000 metric tons to 490,000. Exports, however, have nearly quadrupled: they rose from 27,500 tons in 1961, with a value of 7.3 million rupees, to about 134,000 tons and 54.6 million rupees in 1966.

India's gradually developing feed industry should in the future take more and more of India's output of oilseed products. At present, however, this industry's principal problem is getting enough of such materials as corn or grain sorghum, rather than protein supplements.

India is also giving thought to processing cottonseed meal into flour to be used as food for humans. The Indian Government's Regional Research Laboratory at Hyderabad last year was experimentally producing about a half ton per day of cottonseed flour with a 51-percent protein content. With the addition of more units to the pilot plant, production is expected to increase to 5 tons per day in the near future. If production of cottonseed flour can be placed on a commercial basis, it would make a valuable contribution to the Indian diet, which is woefully deficient in proteins.

Production of linters in India's new cottonseed industry is estimated to have increased from about 4,000 tons in 1961 to 13,000 in 1966. About half is processed into chemical grade pulp for the manufacture of rayon tire cord, cellulose sheeting, and other cellulose-base products. The remainder is used mostly by the paper industry.

Problems and outlook

The principal problem that India's cottonseed crushing industry faces is price. Cottonseed is a highly speculative commodity, traded in the forward markets in India. Sometimes, because of demand for straight use as cattle feed, cottonseed prices rise to levels that are uneconomic for the crushing industry.

India hopes that cottonseed production will rise to nearly 3 million tons by the end of the Fourth Plan in 1970-71. However, production in 1966-67 continues below the peak of 2.3 million tons attained in 1963-64; and, with the strong emphasis being given to food crops, it is unlikely that so large an increase can be realized.

It can be expected, however, that the percentage of cottonseed suitable for crushing economically will continue to rise, and so will the percentage of the cottonseed crop that is crushed. Also important will be larger supplies of modern cottonseed processing equipment, the manufacture of which will probably begin in India in the near future, in collaboration with an American firm. Consequently, the outlook is for the continued expansion of India's cottonseed crushing industry.

Below, typical corn yields on improved and unimproved plots, and improvement "package" of fertilizer, seed, and insecticides. Right, improved corn demonstration plot.

El Salvador Plans Crop Diversification To Spur Its Economy

By RICHARD S. WELTON
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San Salvador

El Salvador, like many of its Latin American neighbors, is trying to diversify its agriculture to stimulate a lagging economy, following rapid growth in the early 1960's. Plans are for less emphasis on coffee and sugar and more encouragement to crops for industrial use, food crops, and manufactured goods to boost exports and cut down imports.

Coffee is still king in El Salvador, even though production in recent years has been leveling off. It now accounts for approximately half the country's foreign exchange earnings, 33 percent of agricultural income, and 10 percent of the Gross National Product. Coffee exports during the late 1950's brought in some 74 percent of total export earnings, but by 1966 the proportion had fallen below 50 percent.

Sugar is a growing but less important export crop, with exports to date limited largely to the U.S. quota. The sugar price boom of 1962-63 and rising domestic consumption stimulated expanded cane production and the building of a large new sugar mill in 1964. Despite a marked increase in sugar exports, from 25,000 metric tons in 1965 to 46,000 in 1966, stocks built up substantially. It has been estimated that this year's carryover may be as high as 45,000 tons. There are some hopes that sales to world markets can be arranged and that an industry can be developed to manufacture jellies and sweets. Imports of these sugar products are still rather large, and this would appear to be a logical outlet for some of the sugar surplus.

Exports of nonagricultural products, on the other hand, have jumped from $12 million in 1960 to an estimated $55 million in 1966, bringing about a small total increase in export earnings. These exports include chemical products and cotton textiles, sold chiefly to the Central American Common Market (CACM), and shrimps.

Sugar and coffee both suffer from hard-to-market surpluses, and coffee exports from the additional restrictions of the International Coffee Agreement. But initial measures have been taken by the government to diversify into commodities more easily marketed—at home or abroad. Some which have been suggested are various fruits, cashews, rubber, peanuts, and soybeans. Improvements in the livestock and dairy industries are also being encouraged, primarily to meet the growing domestic demand.

El Salvador is trying to boost its food production to slow down food imports—last year they reached $30 million, up from $17 million in 1960. Principal imports were corn, dairy products, fruits, vegetables, and wheat, all of which—except wheat—can be grown locally. Local production in corn, fruits, and vegetables of course would compete with that of other CACM countries.

The Ministry of Agriculture in El Salvador has been trying to increase the output of staple food crops in recent years by employing research and extension specialists along with technical assistance from AID and USDA agriculturists. Considerable success was achieved this past season with corn and rice, both of which experienced surpluses for the first time at harvest.

Corn production in 1966-67 totaled 265,914 metric tons, up 31 percent from the previous season and 39 percent above the average for the previous 5 years. Corn imports, which have risen sharply in recent years to 75,563 metric tons in 1965-66 (July-June), are expected to total less than 20,000 tons this season. Exports, mostly to neighboring countries, may be as high as 7,500 tons.

Part of the substantial 1966-67 increase in corn output resulted from a shift of former cotton land into corn. According to a government survey about 50 percent of the decline in cotton acreage was seeded to corn. Yields also increased and probably reached a record level of around 20 bushels per acre. (Although this is still a very low average, it should be remembered that these yields were obtained by small farmers working steep slopes and utilizing primitive production methods.)

The improved corn yields in 1966 resulted chiefly from

Rice field on the coastal plain. Farmers here get good yields with machinery and advanced production practices.

good weather, but they also reflect increased utilization of improved practices including fertilizers, improved seed, and insecticides. This has been stimulated by a mass demonstration program to show small farmers how to utilize practices which could boost corn yields.

How the corn program began

The mass demonstration program is a pioneer effort in technical assistance developed as a result of a visit to El Salvador in 1964 by Mr. Roswell Garst, a prominent Iowa corn producer, and Dr. Benjamin Birdsall, US/AID agronomist. They observed that corn in El Salvador was produced mainly on small holdings of 1 to 5 acres by farmers who are not readily reached by modern communications media. It was then decided that improved methods could best be demonstrated to these farmers through the establishment of a large number of small plots (20 rows 65 feet long or equivalent in other crops).

The program, sponsored by the Ministry of Agriculture's Extension Service, began in 1965 with 3,200 demonstration plots in corn and 80 in rice. The 1966 program included 3,500 plots in corn, 1,400 in sorghum, 750 in beans, 650 in rice, and a few plots of bananas and sesame. This year there will be 2,500 in corn, 1,400 in sorghum, 500 in beans, 400 in rice, 300 in bananas, and 150 in sesame. This project receives technical guidance from Dr. Birdsall and cooperation from Peace Corps volunteers. It has also received support from private business through donations of fertilizers, insecticides, and seed.

A producer under the program is provided a package including seed, fertilizer, and insecticide; and the cooperating technicians show him how these should be used. In each community 15 to 20 demonstrations are strategically placed so that farmers can see for themselves what results can be obtained through improved practices.

Yields on many of these plots have been increased from 10-15 bushels per acre to 40-50. Based on 1965 prices, the increased yields reflected an income of between $3 and $7.50 for each $1 invested in fertilizer, seed, and insecticides. For many small farmers this also means that for the first time they will have enough corn to feed their families and send some to market. (It takes about a ton a year to meet each farmer's needs.)

Production increases, of course, bring on some marketing and storage problems. Prices for corn from the bumper 1966-67 crop dropped to around $2.40 per hundredweight, but increased to about $4.20 in May 1967. Corn prices traditionally have been characterized by rather violent price fluctuations between harvest and the end of the season. A government price and stabilization agency (IRA) attempts to stabilize corn prices, but its efforts are limited by insufficient storage facilities and a lack of funds. Nevertheless, it purchased some 22,000 tons in 1965 and 1966, and this surplus may prove a blessing later this year since lack of rainfall early in the season may well result in a reduced crop in 1967-68.

Rice production in 1966-67 also reached a record level; some 33,777 metric tons were produced, about 45 percent higher than a year earlier. Unlike corn, which is produced mainly by small farmers for subsistence on the steep Salvadoran slopes, considerable rice is grown by commercial farmers along the coastal plain, who use modern machinery, irrigation, and improved production practices. One of them has developed new rice varieties and exported certified seed to other Latin American countries. Because of output gains, this year for the first time El Salvador will be a substantial net exporter of rice. Early prospects point to an even larger crop later this year.

Beans, cotton decline

In contrast with the recent success in expanding corn and rice output, bean production has tended to lag behind, largely due to insect and disease problems. The research bureau has been working intensively to develop a better bean, however, and should have some new varieties available for commercial trials this year.

Cotton production, which expanded rapidly from an average output of 55,000 bales (480 lb. net) in the early 1950's to a record 375,000 bales in 1964-65, has dropped sharply to only 178,000 bales in 1966-67. The significant decline in cotton output during the past two seasons has been attributed to several factors, but insects would appear to be the chief problem. Other factors which have increased the risk of cotton producers were 2 years of bad weather at harvest and slightly lower world prices. Domestic use has been steadily expanding, in part because of increased export sales of cotton textiles to the Central American market; it will account for about 50,000 bales from this season's crop. The bulk of the cotton exports go to Japan, and all cotton is sold through the Salvadoran Cotton Cooperative.

Although a sizable U.S. cotton surplus continues to overhang the world market, El Salvador and other Central American producers have found a ready market and improved prices for their cotton this season because of its medium-length staple (1-1/16 in.). There is strong demand for this type, since U.S. stocks are largely the shorter staple varieties. Despite improved prices for this season's crop, it appears doubtful that plantings next season will even reach the low 1966 level of 121,000 acres.

Several steps have been taken to try to revive interest in cotton among producers, but it appears doubtful that these will be successful without better control of the insect problem. The insect chiefly blamed for the destruction is the whitefly (*Bemisia tabaci*), but it may be that there are a number of insects which damage the cotton crops even when sprayed as many as 40 times a season.

A Look at American Trade With the Southern Caribbean

Last January 23, Foreign Agriculture *carried an article on the potential for increasing U.S. agricultural exports to the southern Caribbean. Below,* Frank W. Ehman, *U.S. Agricultural Attaché in Trinidad and Tobago, reviews actual U.S. trade with the area.*

The United States and the southern Caribbean are becoming bigger trading partners, with two-way trade in fiscal 1966 valued at $772 million.

These southern Caribbean countries and dependencies have been dubbed "pocket-dollar markets," small, but nevertheless cash customers for U.S. exports. They include the islands of the British, Netherlands, and French West Indies; Trinidad and Tobago; Barbados; Guyana; Surinam; and French Guiana and have a combined population of about 3.6 million.

Chiefly agricultural lands

Except for the Netherlands Antilles, the lands of the southern Caribbean are essentially agricultural. The islands of the Netherlands Antilles depend almost entirely upon the oil business and tourism for their income. Although Trinidad and Tobago also gets the bulk of its income from petroleum, employment is chiefly in agriculture.

Even the agricultural countries and dependencies must import many of their farm-product needs. While local production will increase under government-sponsored development programs and protectionist policies, indices of per capita agricultural and food production have generally been declining. Little land remains to be developed on most of the islands, where the people-land ratio is high; however, most of the land in Guyana, Surinam, and Fr. Guiana still awaits development.

Total U.S. exports to the area were valued at $222 million in fiscal 1966, with food and agricultural products accounting for $36.1 million or 16.2 percent. Imports from the area were valued at $550 million, $22.4 million in agricultural products. Thus, the United States had a favorable balance of $13.7 million in farm trade, but a deficit of $328 million in total trade.

Dutch Antilles top U.S. customer

In terms of both total and agricultural exports, the islands of the Netherlands Antilles as a group are America's principal buyer in the southern Caribbean. During fiscal 1966, total U.S. exports to these islands were valued at $68 million, f.o.b. U.S. ports, and agricultural exports were valued at $11 million. The Netherlands Antilles islands accounted for above 30 percent of total U.S. agricultural exports to the area and for over 80 percent of the favorable U.S. balance in agricultural trade.

U.S. agricultural exports to the other markets, by value, were: Trinidad and Tobago, $9.4 million; Guyana, $4.3 million; Surinam, $3.4 million; the British Leeward and Windward Islands, $3.3 million; Barbados, $2.4 million; French West Indies, $2.1 million; French Guiana, $145,000.

The United States had a favorable balance of agricultural trade with all entities except the French West Indies. Here, the negative balance of $5.8 million resulted from sizable U.S. purchases of sugar. These islands are departments of France, and their trade is oriented toward the mother country.

Principal U.S. food and agricultural exports to the area in fiscal 1966 were feeds, including grains, $7.2 million; red meats and meat preparations, $5.1 million; wheat flour, $5 million; fruits and vegetables, $3.3 million; fresh and frozen poultry, $2.4 million; miscellaneous grocery items, $1.7 million.

Grain market growing

The market for feeds—grains, mixed and prepared feeds, and cakes—continues to grow as livestock and poultry production develop. Of the $7.2 million worth of U.S. feeds that moved to the area, $4 million was for livestock and $3.2 million for poultry.

Despite restrictions on poultry imports in some parts of the area, U.S. exports of fresh and frozen poultry to the southern Caribbean are exceeded only by those to West Germany and Japan. The Netherlands Antilles alone takes as much as Canada.

Sizable U.S. imports from the southern Caribbean, valued at $550 million

U.S. AGRICULTURAL IMPORTS FROM SOUTHERN CARIBBEAN, FISCAL 1966

Commodity	Value
	1,000 dol.
Sugar	14,190
Molasses	1,533
Nutmeg & mace	1,252
Cocoa beans	1,112
Other molasses & sugar syrups	831
Coffee	809
Bananas	621
Citrus juice (lime)	366
Peas, canned	262
Arrowroot	234
Batala	194
Tonka beans	142
Essential oils	59
Coconuts, in shell	47
Other	698
Total	22,350

U.S. TRADE WITH SOUTHERN CARIBBEAN, FISCAL 1966

Country	Exports[1]			Imports[2]			U.S. trade balance			
							Total		Agr.	
	Total	Agr.	Agr. portion	Total	Agr.	Agr. portion	+	—	+	—
	1,000 dol.	*1,000 dol.*	*Percent*	*1,000 dol.*	*1,000 dol.*	*Percent*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Neth. Antilles	68,004	10,971	16.1	310,962	109	0	.....	242,958	10,862	.....
Trinidad & Tobago	62,169	9,419	14.9	156,948	6,063	3.9	.....	94,779	3,356	.....
Guyana	19,564	4,269	21.8	21,311	3,751	17.6	.....	1,747	518	.....
Surinam	33,661	3,435	10.2	42,117	301	.7	.....	8,456	3,134	.....
Leeward & Windward	15,284	3,306	21.6	2,665	2,107	79.1	12,619	.....	1,199	.....
Barbados	9,341	2,362	25.3	4,359	1,961	45.0	4,982	.....	401	.....
Fr. West Indies	12,839	2,149	16.7	8,316	7,997	96.2	4,523	.....	.....	5,848
Fr. Guiana	1,109	145	13.1	3,345	61	1.8	.....	2,236	84	.....
Total	221,971	36,056	16.2	550,023	22,350	4.0	22,124	350,176	19,554	5,848

[1]Export value at U.S. ports. [2]Value f.o.b. foreign ports.
U.S. Foreign Agricultural Trade, Fiscal Year 1965/66.

in fiscal 1966, are headed by petroleum and bauxite. Among agricultural imports valued at $22.4 million, sugar provided over $14 million; the rest was molasses, spices, cocoa beans, coffee, bananas, and other tropical items.

A look ahead

Economists predict that the future trade of the southern Caribbean will lean away from traditional partners in Europe and toward countries in the Western Hemisphere. If the United Kingdom succeeds in joining the Common Market, members of the Commonwealth may look for new trading accommodations. For example, Trinidad may need to find new outlets for some of the two-thirds of its agricultural exports that now move to the United Kingdom. These include sugar, which moves in under the U.K. price quota; citrus; cocoa; and coffee. Discussions and proposals continue for integrating the economies and trade of some of the islands in the area.

U.S. AGRICULTURAL EXPORTS TO SOUTHERN CARIBBEAN, FISCAL 1966[1]

Commodity	Neth. Antilles	Trinidad & Tobago	Guyana	Surinam	Leeward & Windward	Barbados	Fr. West Indies	Total
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Red meat & meat prep.	1,228	1,277	226	836	741	549	259	5,116
Wheat flour	822	1,270	1,966	686	134	140	.....	5,018
Livestock feeds (incl. grains)	437	2,287	260	379	242	310	141	4,056
Fruits & veg.	1,634	479	176	210	456	181	212	3,348
Poultry feeds	682	890	668	360	187	400	73	3,200
Poultry, fresh & frozen	1,064	146	.....	.....	866	372	.....	2,448
Misc. grocery items	1,468	.....	.....	135	.....	.....	158	1,761
Rice, milled	1,092	.....	.....	.....	.....	.....	403	1,495
Pulses	.....	324	.....	147	57	.....	611	1,139
Oils, veg.	977	.....	98	63	.....	.....	.....	1,138
Eggs, shell	142	620	.....	.....	78	106	53	999
Tobacco, unmftd.	.....	409	109	262	33	104	.....	917
Dairy products	342	142	206	73	56	.....	.....	819
Wheat, grain	.....	777	.....	.....	.....	.....	.....	777
Coffee, instant	301	61	.....	.....	.....	51	.....	413
Baby chicks	.....	49	79	115	.....	.....	.....	243
Cotton, raw	.....	190	.....	.....	.....	.....	.....	190
Donations	.....	37	122	2	195	.....	59	415
Other	782	461	359	227	261	149	180	[2]2,564
Total	10,971	9,419	4,269	3,435	3,306	2,362	2,149	36,056
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	
Portion of total	30.4	26.1	11.8	9.5	9.2	6.5	6.0	

[1]Values at U.S. ports. [2]Includes $145,000 to French Guiana.
U.S. Foreign Agricultural Trade, Fiscal Year 1965/66.

Argentine Government Grants Sizable Tax Reductions to Farmers

Argentine farmers have been given sizable tax concessions to help offset rising costs and unremunerative returns. In keeping with policy objectives for agriculture, the concessions —deductions from taxable income— are intended to maintain cattle numbers and beef production at their current high levels and to encourage wider application of modern technology.

Principal deductions accorded by the new tax decree, passed July 5, are:

- Fifteen to 30 percent of the sale price of steers (first sale only), depending on the season and weights at the time of sale. Weight categories and applicable deductions will be announced later.
- One hundred percent of the purchase price of breeding cattle and hogs and of increases in herd value from one year to the next. The value must be maintained for 3 years following the year of the deduction claim.
- One hundred percent of the purchase price of herbicides and pesticides used during the year beginning June 1, 1967.
- Fifty percent of wages paid to technicians—agronomists, veterinarians, agricultural specialists—but only 20 percent if the technician is also an administrator of the establishment.
- One hundred percent of the cost of investing in new, locally manufactured equipment and other inputs, including property improvements, between June 1967 and December 1968. Inputs may include tractors, trailers, silos, barns, electrification, dryers, country elevators, fencing, alfalfa and perennial pasture seed, purebred sires, soil conservation, and living quarters.

Farmers last received tax concessions in September 1966, when they were granted liberal write-offs for purchases and retention of breeding stock and for certain farm inputs and implement purchases. The new law extends greatly the list of items under the latter category. On the other hand, it makes more restrictive the previous 100-percent deduction for retention of cattle by adding the 3-year provision, presumably to insure that reduced taxes will lead to a sustained buildup of breeding-stock numbers. Theoretically, the provision should also discourage frequent shifts between cattle and grain—as governed by price relationships—in favor of complementary and intensified production of both.

The deductions for first sales of steers have two objectives: to provide incentive for marketing at heavier weights and to minimize price and sales extremes in the annual marketing cycle. The impact on total beef production could be considerable, depending on the season and the amount of deductions for each weight class. The previous deduction of 25 percent for steers weighing 880 pounds and up failed to reduce the proportion of unfinished steers being marketed.

The deductions for hiring specialists resulted from the unsatisfactory headway being made in the application of technology on farms.

Some producers are concerned about the law's neglect of sheep. No sooner was the law published than the Argentine Association of Corriedale Breeders proclaimed an urgent necessity for incentives to stop liquidation of sheep numbers. If a depletion of herds is actually underway, it affects Lincolns more than Corriedales. Since mid-1966, low prices brought on by declining consumption of coarse wools produced by Lincolns have resulted in heavy slaughter. This could be in the best long-term interest of the wool industry, provided Lincolns are replaced by sheep that produce finer grades.

—MARTIN G. SCHUBKEGEL
Assistant U.S. Agricultural Attaché
Buenos Aires

World Tea Output Hit Peak in 1966, But Exports Were Down

World tea production broke records again in 1966 with an alltime high output of 2,151 million pounds (Mainland China excluded). Exports lagged somewhat, however, but intensive consumer promotion programs are underway in good markets, the United States in particular.

Record tea crops were harvested by most leading tea producing countries, with the exception of Ceylon and Indonesia. African production jumped 23 percent over 1965—because of expanded acreage and good weather—and bumper crops were harvested in India, Japan, and the Soviet Union. Asian output was up by 3 percent. Only a slight gain was recorded in South America, largely because unfavorable growing conditions cut back the rapid growth in Argentine production.

In the past, consumption has managed to keep pace reasonably with rising production, and on occasion it has been necessary to draw upon stocks to meet consumption needs. Inventories in 1966, however, built up substantially because of greater output and a 6-percent fall in world exports. The export level last year was the lowest since 1961 because of sharp reductions in shipments from India and Ceylon.

Prices remain steady

Tea prices during the past decade have exhibited a marked degree of stability. In India and Ceylon, however, which account for one-half the world crop, rising production costs, inflation, and increased taxation have been reducing growers' earnings.

Tea prices in 1966 weakened somewhat under the weight of the record crop, the devaluation of the Indian rupee, and reduced purchasing by several Middle East buyers and by the United Kingdom. Price declines for higher quality teas were less than for teas of medium and common grades; however, the large supplies of plainer types tended to depress the market as a whole.

In efforts to increase consumption, the tea industry has carried out intensive market development programs around the world. The convenience of instant tea, primarily in the United States, is placing iced tea in a good competitive position with other beverages such as soft drinks, coffee, and beer.

It is estimated that over one-half of tea consumption in U.S. homes is in the form of iced tea, and that approximately two-thirds of the hotel, restaurant, and institutional volume is consumed as iced tea.

Sales of instant tea, including the mixes which have sugar and flavoring added, rose to 28 million pounds and accounted for 26 percent of the 1966 tea sales in retail stores. This compares with only about 6 percent in 1960.

U.S. tea imports in 1966 reached a near-record level of 133 million pounds, valued at $57 million.

New Law To Help Germany's Economy

In a move to help promote stability and growth in Germany's lagging economy, Parliament has empowered the Federal Government to make rapid fiscal adjustments to sudden changes in business cycles. Previously, lengthy legislative processes had weakened the effectiveness of government action; now, in most cases, the government's action is subject only to veto by Parliament. Farmers and business alike are expected to feel the impact of the bill.

According to new provisions the government may increase or decrease corporation and income taxes by up to 10 percent as business cycles require. The government may also introduce a tax credit of up to 7.5 percent of investments if the economy tends toward a recession. Nonobligatory guidelines on income will also be drawn up.

The authorization of the Federal Government to increase or decrease corporation income and taxes will be particularly effective in boom periods, when a 10-percent tax increase could severely dampen private demand. In a recession, however, the effectiveness of tax reduction is dependent on whether the private sector will in fact turn the additional purchasing power into actual consumption and investment demand. In such periods increased public spending might have stronger effects.

Rainfall Brightens Rice Prospects in India

Rainfall in India during June and July was average to above average in most of the major grain producing areas, but rice in particular is expected to benefit. Additional water is augmenting the record amounts of fertilizer applied to this year's rice crop. In addition to helping fields and paddies, good rains will mean more water for irrigation canals in areas where rainfall may not be adequate.

The water is making the situation look more encouraging, but more will be needed in September and October—when the grain is filling out—if farmers are to receive high yields. Indians anticipate a record 40 million metric tons of milled rice in October-January if the fall rains come.

During the past 2 months rainfall was particularly heavy in areas of western India. Bihar also received good rains in early July, although some eastern areas of Uttar Pradesh were still in need of rain. Mysore has received less rain than normal during the current monsoon season. The continuation of good rains over the Ganges Plain should bring a marked increase in rice production in that area.

Annual Palermo Livestock Show

Argentina's 81st Livestock Exposition at Palermo opened July 29, with specially invited guests including officials from the country's most important markets for livestock products—the Common Market, Britain, and Spain.

Some 4,600 cattle, hogs, sheep, and horses were registered for the exhibition. Judging began July 25, followed by auction sales during the week of July 31. Two judges on hand were from the American Angus Association at Palermo.

As in past years, the interest centers on cattle—of which more than 2,300 have been entered—and in particular on auction receipts. Amounts are usually taken as an indication of how the cattle industry views the outlook for business. Last year's top price, for an Angus bull, was $74,000, although on the whole seller's expectations were greater than buyers' willingness to pay.

Containerization Study Predicts Low-Cost Worldwide Transport

In the next decade international trading firms can be expected to cut transportation costs by a massive changeover to containerization, according to a recent study. Along with the change should come a major realinement of trade routing, which in some cases would include moving containerized cargo across the United States by rail instead of the more common shipping through the Panama and Suez Canals.

The report making these predictions is titled "Containerization: Key to Low-Cost Transport," put out for the British Transport Docks Board by McKinsey and Company, Inc., an international management consulting firm commissioned to aid the board in planning port facilities for the United Kingdom.

The study labels containerization "the most important and far-reaching single factor in the movement of general cargo through U.K. ports." Its various conclusions, however, show insight into containerized shipping for all countries.

The transportation industry of the 1970's is described as a few large organizations, fewer shipping lines and ports, fewer but larger ships, and highly developed unit train networks. Distribution costs will be lower, according to the study, and dock labor forces will be smaller. Charts and schematic diagrams outline predicted transportation systems and the costs of several kinds of cargo vessels and equipment.

The study says that a major shift to containerized shipping would cut shipping costs up to 50 percent. For the United Kingdom this would trim more than $700 million from transportation bills.

In evaluating the economy factor of containerization the study weighs the economy of rail and ship transportation against variables of distance, time, and container capacity. A practical illustration is cargo shipping from Europe to the U.S. West Coast. "Once the North Atlantic trade is rationalized," the report said, "it will be more economic to rail European cargos headed for the U.S. West Coast across the country from East Coast ports than to use the Panama Canal." The study shows that costs per container for such a trip by unit train—which cuts the distance in half—would be about $140 per 20-foot container against more than $215 in a ship carrying 1,200 containers.

Overland rail shipment through the United States has distinct time advantages as well. According to the study, cargo shipped from London to Yokahama takes 44 days through the Suez Canal against 24 days through the United States.

Copies of the report on containerization may be obtained by writing The Secretary, British Transport Docks Board, Melbury House, Melbury Terrace, London, N.W.1, England. Price is £10.10s., about $30.

Study Compares Export Credit Systems

A comparative analysis of the export credit insurance systems operated by 44 individual insurers in 34 countries has just been completed and published by the International Export Credits Institute of New York. Announcement was made by the International Section of the New York Board of Trade, original sponsor of the U.S. Export Credit Guarantee and Insurance Program.

This new 1967 study titled "The World's Principal Export Credit Insurance Systems," shows the credit guarantee and service facilities which exporters in the United States, Canada, United Kingdom, continental Europe, Japan, and other leading nations currently use. Shipments of agricultural and manufactured goods are protected against any number of risks—from insolvency to embezzlement, war, strikes, or natural disaster—which may prevent or unduly delay payment.

The salient features of each insurer's organization and coverage are outlined each in a separate section complete in itself, arranged alphabetically by country. Besides naming the insuring entity, the survey includes the scope of the coverage it provides, its eligibility criteria, premium rates (to the extent available), financial backing, types of policy, financial operating results, and other relevant data. Explanatory notes and comments complement the content of the individual outlines. An index to countries and insurers simplifies ready comparison of the facilities available in each country.

Because commercial credit and financing now play such a decisive role in export marketing, firms who ship their products abroad and those who manufacture and sell on a multinational scale may find this study useful.

For copies write International Export Credits Institute, c/o International Section, New York Board of Trade, One Liberty Street, New York, N.Y. 10005. Price, $20.

FAS Releases Three Commodity Reports

The Prune Industry of France: A report on investigations of the current and prospective production and marketing of France's prunes. Developments in France, possibly more than in any other country, can seriously affect the prosperity of American prune producers. France has the potential to increase its output and displace U.S. prunes not only in France—the No. 2 U.S. market—but in other European countries as well.

Argentina's Livestock and Meat Industry: The United States' top competitor in livestock and meat trade is faced with national economic problems which are cutting down foreign exchange earnings from animal products. In 1966 grain prices were good and the Argentine Government encouraged farmers to produce more grain. The report looks at the relationship between the two agricultural enterprises and additional complementary crops.

Uruguay's Livestock and Meat Industry: Like its neighbor Argentina, Uruguay depends heavily on its livestock industry and is making strong efforts to up efficiency. Pasture improvement programs and disease control are underway, but low productivity per head and per acre is causing the country to lose its competitive position as an exporter of livestock and meat products.

For copies of the above publications, write to USDA, Room 5918-S, Washington, D. C. 20250.

Celery Campaign in Britain Pays Off for American Growers

By H. REITER WEBB
Assistant U.S. Agricultural Attaché
London

Fresh celery from the United States is fast making its way into food shops and onto dinner tables in Britain, the second largest market for U.S. agricultural products. Steadily climbing celery exports skyrocketed this spring to 11.4 million pounds, more than went to Britain in 1964-65 and 1965-66 combined.

The January-April sales boom was aided by a well-coordinated hard-sell campaign engineered by U.S. growers, shipping lines, advertising agencies, and the U.S. Government at a time when celery grown in Britain was not available.

A contributing factor to good sales was ample supplies. A fast refrigerated Danish steamer service had been recently initiated from Florida to London and Manchester which not only cut the trans-Atlantic shipping time to 10 days but also eliminated much of the handling previously involved when the celery was trucked to New York before loading onto the ships.

Timing was another important element. Celery, a popular vegetable in Britain for salads and as a cooked vegetable, is not available locally during the first half of the year. Excellent opportunities existed for imports. U.S. growers eyeing the British market, however, faced two disadvantages, color and price. British celery is blanched, and consumers generally unfamiliar with the green product from the United States.

Prices for U.S. celery are generally higher. Fresh celery from sources other than the British Commonwealth is subject to a 10-percent ad valorem tariff in addition to necessary transportation and handling costs. Because of these charges, the price of American celery was 20 percent higher than the British product when both were on the market for a brief period in early 1967. About the same price relationship held in late June when early-season British celery started to come into the market.

Growers, importers cooperate

Despite the obstacles, producers and buyers were anxious to take advantage of the spring sales potential with a small promotion.

"Florida Celery Girls" wearing celery green pantsuits visited some 450 stores in the London and Manchester areas during the month-long promotion for U.S. celery. The pair at left are setting up point-of-sale material, supplied by the Florida Fresh Produce Exchange, in a Stafford food shop.

The Florida Fresh Produce Exchange, representing the Florida growers who account for most of the U.S. shipments of celery to Great Britain, offered to supply point-of-sale materials. The U.S. Government gave the financial green light, and a campaign was underway. A local advertising agency in London carried out the promotion.

A reception was held on a ship which had brought Florida celery to Britain, with the shipping line supplying most of the food.

Twenty-five invited guests included food writers, television and radio correspondents, fresh vegetable wholesalers and the shipping press. The next day a buffet featuring celery dishes was held at the U.S. Trade Center. A third reception was held for press and trade in Manchester.

Eighty press kits were distributed at the receptions containing, among other things, booklets of celery recipes adapted to British tastes by a local home economist. Several general press releases announcing the celery promotion were sent to newspapers and the trade press throughout Britain.

Food distributors and their branch offices received high-quality point-of-sale materials, and a team of "Florida Celery Girls" in green uniforms spent 3 weeks contacting stores in London, Birmingham, and Manchester. In all they visited some 450 stores.

Arrangements were made with a well-known London department store to deliver to leading food and cookery writers in the city a sample of U.S. celery and a small tub of cream cheese with an explanatory presentation card.

Only 2 weeks of merchandising activities originally had been planned, but because of the effectiveness of the campaign the Florida Exchange financed a third week.

Good press coverage

After the month-long promotion, articles on Florida celery appeared in four national newspapers. Three provincial papers and others also reported on the American product as did four trade journals. Many comments were received from food writers that they would include Florida celery in their recipes.

The food specialist for BBC television gave a favorable report on U.S. celery on a daily news program, a valuable aid since the BBC does not accept commercial advertising.

Another important result is the interest in export promotion generated by this small effort among the Florida growers. The Florida Exchange has already indicated interest in further work during 1967-68.

National Renderers Launches New Program To Stamp Out Salmonella

National Renderers Association is taking a further step toward eliminating salmonella in meat and bone meal.

To combat this common cause of food poisoning, the Association recently allocated $50,000 for research. Major goals of the new project are to develop a practical method for destroying salmonella in finished byproduct protein meal and to test chemical agents and additives designed to prevent salmonella's growth in the meal.

The program will be carried out by the Fats and Proteins Research Foundation—the research arm of National Renderers.

Commenting on the new program, Dr. D. M. Doty, director of the Foundation, said "renderers have been concerned with the salmonella problem for a number of years. They have found—while contamination may be drastically reduced by using appropriate sanitary precautions in rendering plants—it is extremely difficult to completely control salmonella contamination of meat and bone using this technique alone."

To solve this problem, National Renderers is looking for additional means of control. "Among these," said Dr. Doty, "is the development of a terminal heater which will destroy salmonella in the protein product as it leaves the production line. Several methods have been research—most recently with a disc-type heat exchanger —and it now appears possible to destroy salmonella in meat meal with a moisture content of 9-10 percent and a discharge temperature of 210°F."

National Renderers anticipates completion this summer of pilot plant equipment adapted to the terminal heater method.

In addition to the new program, National Renderers has announced that it will continue through 1967 its special study of salmonella in poultry feeds, which was begun in 1966 at the University of Massachusetts. This project seeks to determine the minimum infective level of salmonella in poultry feeds and whether low levels of contamination will produce salmonellosis in chicks given such feed.

The Association is also continuing its research into salmonella prevention. These efforts were begun in 1959 in cooperation with the American Meat Institute Foundation and USDA's Agricultural Research Service.

The National Renderers Association has been actively sponsoring research and industry education programs on salmonella inhibition and prevention since the late 1950's. It has contributed over $105,000 in research projects and over $15 million in plant modernization and other changes aimed at eliminating salmonella.

Poultry Institute Wins "Oscar" of Italy's Food Industry

Outstanding products and salesmanship recently paid off for the Institute of American Poultry Industries—in the form of the Golden Hercules Award from Italy's food industry. Presented each year, the award is called the "Oscar" of the industry, going to organizations which are outstanding in the introduction and promotion of quality foods in Italy's consumer and institutional trade channels. Above, A. Morgante, country director of the Institute, accepts award from G. Andreotti, Italian Minister of Industry and Commerce.

Lard Promotions Aim To Up U.S. Share of U.K. Market

Food exhibits, women's press luncheons, and meetings with trade and press representatives of the provincial centers: These are a few of the techniques being used by the U.K. Lard Association to boost U.S. lard in Great Britain.

Working in cooperation with FAS, the Association earlier this year participated in a 2-day food exhibition at the Piccadilly Hotel, London, for a specialized audience of 4,600 home economists, domestic science teachers, and students. As a result of the exhibition, 1,400 full sets of literature on U.S. lard were distributed to visitors, 200 sets of study cards were sold, and some 700 booklets were requested.

Good results have also been had from the Association's press luncheons for leading cookery writers and educators and from promotional efforts in the provincial areas. One of the more recent trips outside of London took Association representatives to Coventry, Leicester, Birmingham, Nottingham, Reading, and Brighton; these visits led to the distribution of 1,700 recipe information booklets, to plans by 6 newspapers to run features on lard, and to arrangements for demonstrations of lard's use in cookery.

Also underway is an in-depth analysis of the U.K. market to determine what promotional efforts should be used here in coming years. U.S. lard has put in a disappointing performance in this market during the last couple of years as a result of short supplies and high U.S. prices. From 89 percent in 1964, the U.S. share of British lard imports fell to 29 percent in 1966, with Belgium, Poland, and Romania taking over as leading suppliers. Now, however, our prices are again more competitive, and the United States is moving to claim its traditional big share of the market.

U.S. Processed Foods To Be Featured at Fall Show in Manila

Processed food manufacturers headed for the Bangkok Trade Center Show (October 31-November 9) are being offered a crack at still another lucrative market—the Philippines.

For 5 days this fall (November 13-17) Manila will host its first American Processed Foods Exhibit. Sponsored by FAS in cooperation with the Grocery Manufacturers of America, Inc., the exhibit will encompass 4,000 square feet of the Makati Commercial Center. This is Manila's most modern exhibition and shopping center and scene of a highly successful in-store promotion last year. The exhibit will be for the trade only and will feature a wide variety of processed foods.

To participate, here's all food processors need do:

- Ship at their own expense products in lots of at least one case per item as far as San Francisco, or furnish the same amount from agents' stocks in Manila;
- Send a representative to Manila, or take advantage of this special offer—a merchandising representative provided by the exhibit management for up to 15 firms on a first-come first-served basis; fee for this service is $50, which should be filed with the application, along with c.i.f pricing information;
- Return signed application blanks no later than September 1 to International Trade Fairs Division, FAS.

Because of shipping difficulties in the Pacific area FAS will arrange for consolidated shipment from San Francisco to Manila; it will also display the products in a modern exhibition setting and arrange an extensive public relations and advertising program to assure maximum trade attendance. In addition, a small trade lounge will be available without charge for private business conferences.

The exhibit represents the first step in a comprehensive program to tap the growing Philippine market. It will be followed by more in-store promotions, product advertising campaigns, and other efforts to enhance consumer preferences for American products.

From importing U.S. food products under Title I of P.L. 480, the Philippines has switched to long-term dollar credit and to more and more commercial purchases of U.S. farm products. Its economy has been growing rapidly—about 5 percent per year since 1957—helping to generate an increasing demand for food products.

A recent FAS survey of the market shows that about half of each consumer dollar is spent for food. Cereals, fish, meat, and vegetables are the major food items for the country as a whole, while consumers in Greater Manila spend less for cereals and more for meat, eggs, and dairy products.

Big Signup for Bangkok Show

Applications for the U.S. Trade Center Show in Bangkok, Thailand, have been unusually heavy, according to the International Trade Fairs Division, FAS.

Over 55 manufacturers of processed foods have contracted to display well over 200 different products at this October 31-November 9 promotion.

The exhibit—sponsored jointly by the U.S. Departments of Agriculture and Commerce—will be in a supermarket setting featuring supermarket equipment, as well as foods. Complementing it will be a poultry demonstration by the Institute of American Poultry Industries and a seminar on supermarket operations.

(For additional information on the exhibit see *Foreign Agriculture*, July 3, 1967.)

U.S. Cattle, Feedstuffs Draw Crowds at Santarem

U.S. cattle and feedstuffs went over big this June at Portugal's National Agricultural Fair in Santarem.

The U.S. exhibit—first U.S. promotion of its kind in Portugal—attracted over 250,000 people during the fair's 10-day run (June 3-12). Visitors to the U.S. pavilion had a chance to look over registered Holstein-Friesian and Hereford cattle—the first of two shiploads of U.S. cattle moving to Portugal—as well as bred heifers of high quality but not registered. Over 50 of these visitors stayed to inquire about purchasing U.S. cattle, and hundreds more requested additional information on the breeds.

Other crowd drawers were exhibits on the use of soybeans, feedgrains, and tallow in livestock feeding.

A high point in the show was America Day, with speeches by the U.S. Ambassador to Portugal and other dignitaries and a folk dance exhibition by a group of students from Brigham Young University.

Members of the U.S. trade are hopeful that the exhibit will lead to additional shipments of U.S. breeding cattle and feed ingredients to Portugal. Not long ago, the United States sold Portugal 1,200 head of Hereford—the largest U.S. cattle sale to any country in the world. Sales of feedgrains and soybeans have also risen.

Cooperating with FAS in sponsoring the show were the Holstein-Friesian Association of America, the American Hereford Association, the U.S. Feed Grains Council, the Soybean Council of America, Inc., and National Renderers Association.

Portugal's Chief of State Admiral Americo Tomaz, in white, and Minister of Agriculture Domingo Pires, to his left, ride by the new, permanent U.S. pavilion.

Free World Cotton Imports From USSR Increase

Imports of raw cotton from the Soviet Union by Free World countries during designated months of 1966-67 (see table) were 31 percent higher than during the same months of the previous year. The most significant purchase of Russian cotton this season is the 157,000 bales (480 lb.) imported by Japan in August-April. This represents about one-third of all Free World imports of cotton from the Soviet Union and is more than triple Japan's purchases during the same period of 1965-66. Canada's imports of Russian cotton were about half the amount bought during comparable months of the previous season.

The Soviet Union accounts for practically all Free World imports of raw cotton from the Communist countries. For several years prior to 1965-66, Free World imports from the Soviet Union were consistently around 250,000 bales. However, for the entire 1965-66 season imports amounted to nearly 600,000 bales. The sharp rise in shipments of Russian cotton to Free World countries is partly attributed to the Soviet Union's record cotton harvests in the past two seasons and partly a result of trade balancing policies followed by a number of Free World countries.

FREE WORLD IMPORTS OF COTTON FROM THE SOVIET UNION
[1,000 bales of 480 lb. net]

Importing country	No. of months[1]	1965-66	1966-67
Austria	8	8	7
Belgium	5	4	1
Canada	7	43	20
Finland	9	43	43
France	10	80	83
Germany, West	9	79	68
Hong Kong	8	0	7
Italy	7	32	35
Japan	9	49	157
Netherlands	8	4	3
United Kingdom	9	57	63
Yugoslavia	10	1	37
Other[2]	7	1	1
Total	....	401	525

[1]Seasons beginning August 1. [2]Includes India, Portugal, and Switzerland.

Ontario's Flue-Cured Tobacco Acreage Up

Estimates place the area planted to flue-cured tobacco this year in Ontario, Canada, at about 122,200 acres, an increase of about 4 percent from 1966 plantings. Plantings are reported to have been completed on June 13. In the early part of July, excessive rainfall caused damage to some fields, and unless weather conditions improve markedly in the latter part of July and early August, the production goal of 238 million pounds will not be reached.

Turkey's Tobacco Production Forecast

The 1967 oriental tobacco harvest in Turkey is unofficially placed at about 364 million pounds. By region, the estimates are as follows, in million pounds: Aegean 254, Black Sea 57, Marmara 36, and Southeast 17. Weather conditions through mid-June are reported as favorable, and there has been only minor damage from blue-mold.

Colombia Exports More Tobacco in 1966

Colombia's exports of unmanufactured tobacco in 1966 totaled 29 million pounds, compared with about 24 million in 1965.

Larger purchases last year by West Germany, Spain, and East Germany more than offset smaller takings by the United States and the Netherlands.

COLOMBIA'S TOBACCO EXPORTS

Destination	1964	1965	1966[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
West Germany	6,965	5,489	7,870
Spain	2,230	1,455	6,817
United States[2]	18,412	7,419	4,826
Netherlands	1,558	4,519	2,262
East Germany	260	319	2,052
France	1,990	.....	1,795
Belgium-Luxembourg	598	1,400	1,135
Morocco	702	995	661
Uruguay	379	(3)	392
Tunisia	1,160	.....	328
Sweden	146	575	236
Algeria	234	.....	220
Ecuador	(3)	(3)	220
Others	1,190	1,842	174
Total	35,824	24,013	28,988

[1]Preliminary; subject to revision. [2]Includes Puerto Rico. [3]If any, included with others.

Chile Raises Its Cigarette Prices

The Chilean Government in mid-July issued a decree raising prices of locally manufactured cigarettes. The increases ranged from 14.3 percent to 33.3 percent, depending upon the brand. This step was undertaken to improve government revenues following a decrease in copper prices which resulted in substantial losses in revenues.

Larger Crop Loans Available in Uruguay

Uruguay's Bank of the Republic, on June 6, 1967, announced increases in the size of crop loans available for the 1967-68 crop year.

The loans are advanced in three portions timed according to periods of soil preparation, planting and growth, and harvesting. The second-period advance applies to costs of seed, sowing, fertilizer, and herbicides and chemical protectants. Use of certified or other approved seeds is required under the program.

For winter-crop grains, the maximum loans are as follows: wheat $18.04 per acre; barley $14.49; and oats $14.30. Fertilizer allowance alone for these crops are $7.31, $4.96, and $5.28, respectively. (Dollar figures are based on the July 6 conversion rate of $1 equals 88.56 pesos.)

For summer grains, maximum loans are $17.73 per acre for corn and $16.95 for grain sorghum, with fertilizer allowances of $10.24 and $7.68, respectively.

The repayment date for winter-crop loans is January 31, 1967, and for summer-crop loans, May 31, 1968.

The government's crop-loan program is aimed at encouraging farmers to produce more grain. A similar credit program was in effect for the 1966-67 crop year. The current loan allowances as stated in pesos represent substantial increases over those of last year.

Canadian Rapeseed Exports Increase in 1967

Exports of rapeseed from Canada during January-April 1967 amounted to 159,146 short tons, compared with 150,774 tons in the same months of 1966. Major recipients were Japan and Italy, which took significantly larger volumes. However, exports to other countries, including West Germany, the Netherlands, and Belgium, all were sharply below those of the comparable 1966 period.

Total exports in recent years have increased sharply. In calendar 1966, exports amounted to 348,936 tons, compared with 266,213 and 91,041 in 1965 and 1964, respectively. Based on prospective increased availabilities from the 1967 crop, exports could increase further.

Although domestic utilization of rapeseed has accounted for an increased percentage of the total supply, most of the crop is exported. Virtually all exports have been in seed form.

Tung Oil Shipments Higher From Buenos Aires

Shipments of tung oil from Buenos Aires (presumed to represent total exports from Argentina and Paraguay) in the August 1966-May 1967 period amounted to 55.8 million pounds, compared with 30.1 million in the same 10 months of 1965-66. The increase reflects record availabilities in both Argentina and Paraguay. This could result in record exports of over 60 million pounds for the entire marketing year ending July 31, 1967, compared with only 35.7 million in 1965-66. Roughly two-thirds of the total will be of Argentine origin, with the remainder from Paraguay.

In the 1966-67 period through mid-June, 20.7 million pounds were indicated as destined to the United States, compared with 22.3 million during the comparable period a year ago. Increased tung oil shipments from South America to countries other than the United States, principally in Europe, apparently resulted from a decline in exports from Mainland China.

TUNG OIL SHIPMENTS FROM BUENOS AIRES[1]

Month	Year beginning August 1				
	1962	1963	1964	1965	1966
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
August	1.8	6.0	0.9	0.4	2.8
September	1.5	3.2	3.9	2.8	6.0
October	5.9	8.0	2.8	2.3	3.3
November	4.6	3.1	5.8	2.5	7.7
December	3.9	4.6	6.4	3.1	4.5
January	4.8	4.9	5.4	4.4	9.1
February	4.5	2.8	4.0	3.0	4.9
March	1.4	4.9	2.3	4.6	5.8
April	2.6	4.8	6.4	3.0	6.9
May	1.2	3.0	2.6	4.0	4.8
June	3.5	5.8	3.0	3.2	....
July	4.4	6.1	.1	2.4	....
Total	40.1	57.2	43.6	35.7	....
Total to United States	15.9	22.9	26.1	23.7	....

[1]Presumed to represent virtually all of the tung oil exported from Argentina and Paraguay.

Compiled from shipments data, *Boletín Marítimo*, Buenos Aires.

Uruguay's Flaxseed, Sunflowerseed Crops Larger

Flaxseed production in Uruguay in 1966-67 is estimated at 40,560 metric tons (1.6 million bushels), 8 percent higher than the 37,640 tons (1.5 million bushels) harvested in 1965-66. Area planted to flaxseed increased 5 percent to 163,000 acres, compared with 155,000 in the previous year.

Sunflowerseed production is estimated at 105,090 tons, up 6 percent from the 99,300 tons produced a year earlier. Although acreage increased 48 percent, production did not meet the anticipated level because of severe drought. Yields per acre decreased an estimated 30 percent.

India's Peanut Production Rises 6 Percent

Peanut production in India in 1966-67 totaled 4,484,000 metric tons, according to the final estimate released by the Indian Government. This is 6 percent above the revised estimate of 4,230,500 tons produced in 1965-66 but 10 percent less than the trade estimate of 5,000,000 tons. The increase is attributed to better growing conditions than in 1965-66. Area planted to peanuts was reported at 17,916,500 acres, compared with 18,354,800 acres in 1965-66.

South Africa Grows More Peanuts, Sunflowerseed

Peanut production in the Republic of South Africa for the 1966-67 crop year is estimated at 240,000 short tons (shelled basis), an increase of 57 percent over last year's crop of 153,000 tons. The rise in production resulted mainly from unusually favorable weather conditions and additional acreage.

The sunflowerseed crop may reach 114,000 tons, slightly more than the 111,100 tons produced last year. Increased yields per acre will more than offset the more than 30-percent decline in acreage. Farmers who had planted their drought-ruined corn lands with sunflowerseed last year, have returned all of their acreage to corn.

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Israeli Farmers Grow Lettuce to Order for the British Market

The initiative of a single Israeli farmer who 3 years ago decided to export some of his lettuce to London has spread among other producers, and in 1967-68 they expect to ship out some 400 tons.

Israeli farmers grow a variety of lettuce with long, loose leaves, and it commands premium prices compared with the type normally grown for European markets. The crop is admirably suited to Israel's climate, to many of its soils, and to the needs of its farmers with small holdings. Grown during late fall and the mild, wet winter when short days prevent the plants from bolting into the flowering stage, it yields some 20 tons per hectare (about 2½ acres), yet requires only a little irrigation water during the early stages of growth. Ample rains during the main cropping season supply the moisture necessary to produce the dark green, succulent leaves much in demand in Europe.

Locally, lettuce competes with many other vegetables, and consumption is only about 150 tons per month. In 1964, an enterprising farmer decided to explore the potential of the export market. Since his 2-hectare farm was within tractor-haulage distance of the Tel Aviv airport, he packed his lettuce rather primitively in silk paper and cartons and airfreighted it in 500-pound lots to London. There, his product fetched better prices than Dutch lettuce, which is sold during the winter and commands about 95 percent of a $3 million market.

Taking note of this thriving one-man operation, other farmers followed suit. Marketing specialists of the Agricultural Export Company (AREXCO), operated jointly by the Ministry of Agriculture and the Growers' Association, decided to lend a hand. Together, they have developed an organization that reaches from the field right to the shopping bag of the consumer.

Six months before planting, fields are earmarked for export production. Certified seed, produced in Israel, of the varieties in greatest demand is supplied to growers. Planting schedules are set up and coordinated with the marketing schedules of the food stores for whom the lettuce is produced under contract. Airfreight space is ordered in advance for an entire season. Since most of the approved fields are near AREXCO's air terminal, lettuce picked in the early hours of the morning can be sold in England and other European markets less than 24 hours later. Daily shipments of about 3 tons, each head wrapped individually in polyethylene, ensure a constant supply of a prime quality product.

Total lettuce shipments rose from the 4 tons of the first exporter to 50 tons in 1966-67 and are expected to reach 400 tons in 1967-68. Since Israel's lettuce requires little or no protection in the field, it is competitive with that produced in heated greenhouses by other suppliers in spite of high airfreight costs. In 1966-67, the London market paid an average of $380 per ton, an f.o.b. price of about $175 per ton. Two hectares worth of lettuce sold at this price assures a good income to the producer.

Lettuce production in Israel is keeping pace with the growing export demand. Between 1964 and 1966, the area under lettuce doubled from 50 to 100 hectares and is likely to reach 130 hectares in 1967-68.

Israel is now attempting to apply its experience with lettuce to other vegetables in order to boost its noncitrus agricultural exports. If successful, the country could be well on its way toward becoming Europe's natural hothouse.

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